



# Supplemental Data for the Consolidated Financial Results for the 1<sup>st</sup> Quarter of the Fiscal Year Ending March 2015 (FY2014)

株式会社フェイス

Faith Inc.

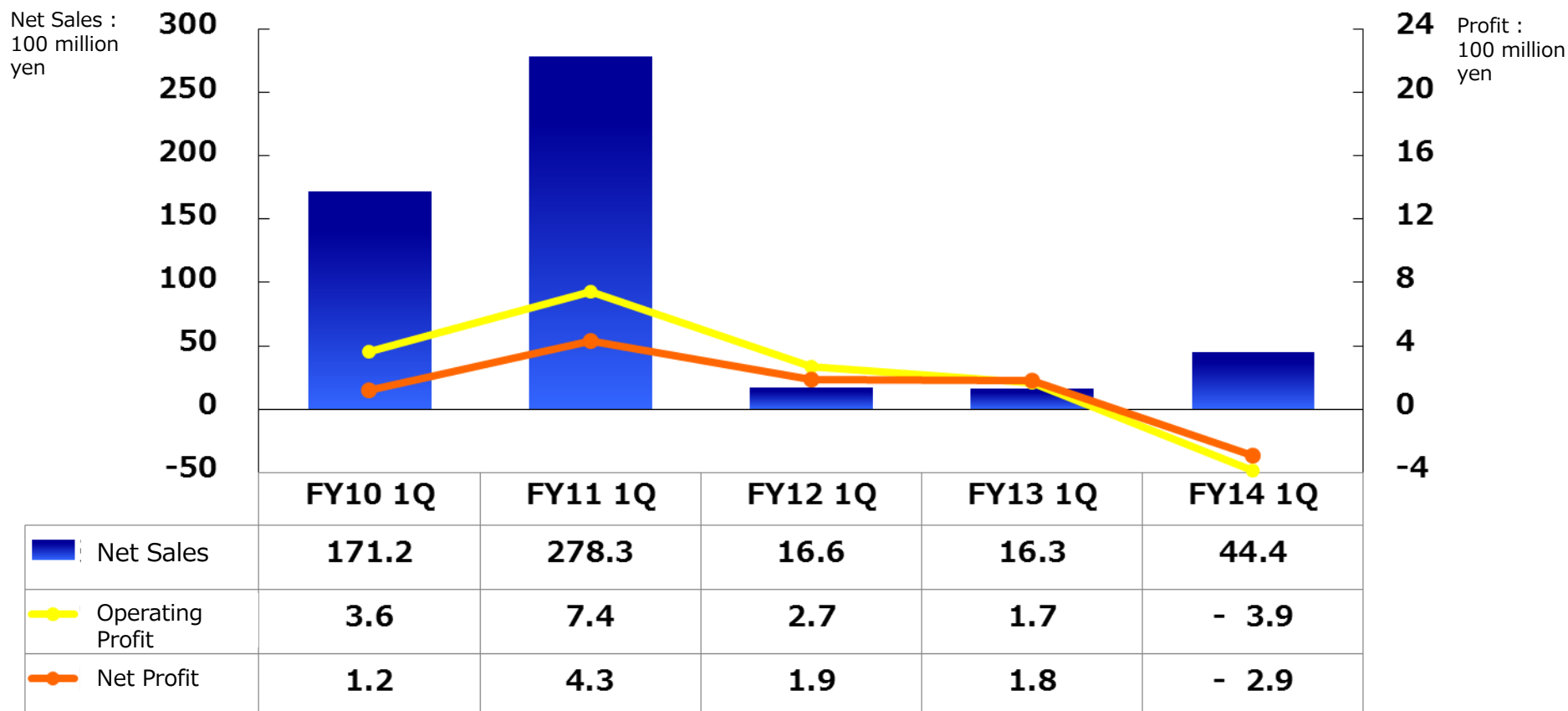
August 8, 2014

**Consolidated Financial  
Results for the 1<sup>st</sup> Quarter  
of the Fiscal Year Ending  
March 2015 (FY 2014)**

# Highlights of Consolidated Financial Results for FY 2014 Q1



In keeping with the change of status of Nippon Columbia, Co., Ltd. from an equity-method affiliate to a fully consolidated subsidiary, this company's sales and business performance have been included in the Faith Group's consolidated financial results from the start of the fiscal year ending March 2015. As a result, for the first quarter of the current fiscal year, the Group recorded net sales of ¥4,445 million (an increase of 171.1% compared with the same term of the previous fiscal year), an operating loss of ¥391 million (compared with an operating income of ¥179 million for the same term of the previous year), an ordinary loss of ¥386 million (compared with an ordinary income of ¥179 million for the same term of the previous year), and a net loss of ¥293 million (compared with a net income of ¥181 million for the same term of the previous year).

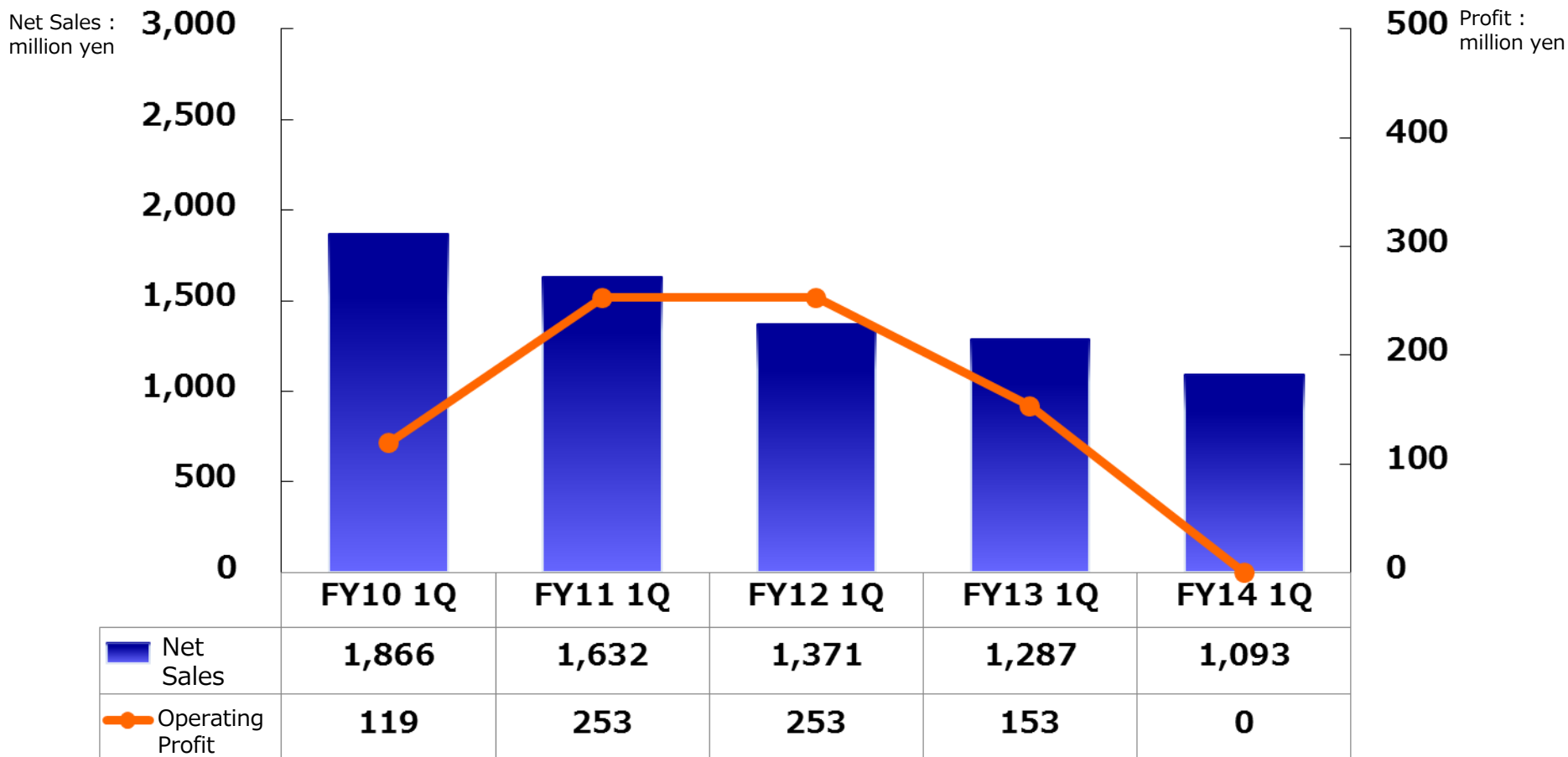


Note : Net Sales and profit have not been recorded since FY 2012 1Q because Faith sold entire shareholding in WebMoney Corporation in July 2011.

# Results of the Content Business During FY 2014 1Q



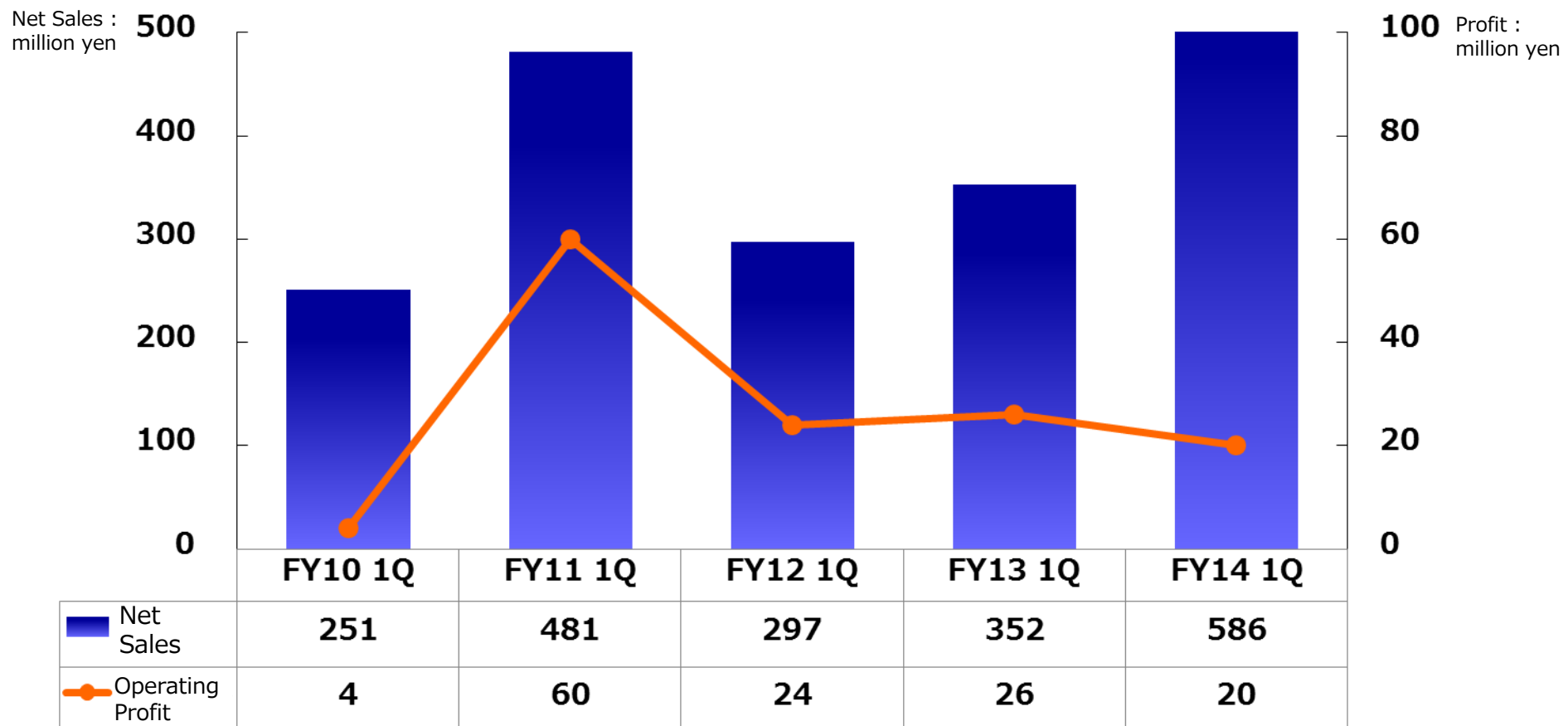
Taking into account the ongoing deployment of new services and the decline in sales of services to feature phone users, the Content Business recorded net sales of ¥1,093 million (a decline of 15.0% year on year), and an operating income of ¥0 million (a decline of 99.4% year on year).



# Results of the Point Service Business During FY 2014 1Q



Sales of points by member stores increased due to a surge of last-minute demand prior to the increase in the consumption tax rate, with the result that this business recorded net sales of ¥586 million (an increase of 66.1% year on year). However, although we worked to control sales-related expenses and general management expenses, the business experienced a profit ratio decline due to redemptions of former points in line with the shift to server-based management and to an increase in initial costs in line with the startup of new businesses, resulting in an operating income of ¥20 million (a decrease of 22.0% year on year).



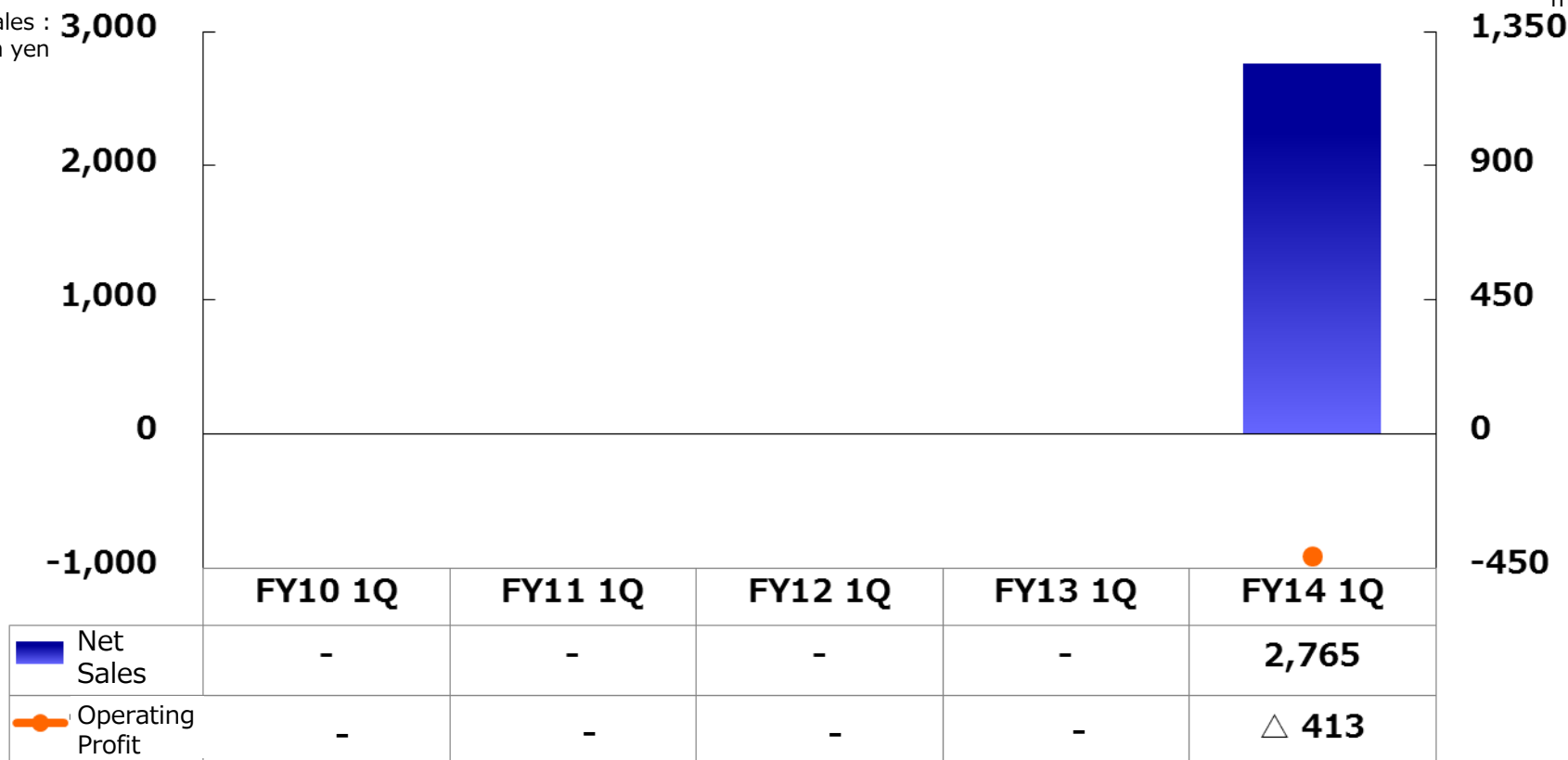
# Results of the Columbia Business During FY 2014 1Q



During the first quarter under review, although in the Sales/Digital Distribution Business a rise in sales of large-scale J-Pop products made a contribution to sales, overall sales of non-J-Pop music CDs, digital distribution titles and sales to mail-order companies decreased steeply, due to the influence of the declining music market over the period and the rise in the Consumption Tax rate. Also, a decrease in the sales ratio of titles using high-profit-margin sound sources was a factor in forcing down the profitability of this business. As a result, for the first quarter of the current consolidated fiscal year, the Columbia Business recorded net sales of ¥2,765 million yen and an operating loss of ¥413 million yen.

Net Sales : **3,000**  
million yen

Profit :  
million yen



Note : as the Columbia Business has been included in the Faith Group's business performance only from the start of the current fiscal year, no comparisons with the same period of the previous fiscal year are given here.

# FY 2014 Q1 Consolidated Business Performance by Segment (Compared with the Previous Fiscal Year)



(Unit: million yen)

	FY13 1Q	FY14 1Q	Year-on-Year change (amount)	Year-on-Year change (%)
Net sales	<b>1,639</b>	<b>4,445</b>	<b>2,805</b>	<b>171.1%</b>
Content Business	<b>1,287</b>	<b>1,093</b>	$\Delta$ <b>193</b>	$\Delta$ <b>15.0%</b>
Point Service Business	<b>352</b>	<b>586</b>	<b>+233</b>	<b>+66.1%</b>
Columbia Business	—	<b>2,765</b>	<b>+2,765</b>	—
Operating profit	<b>179</b>	$\Delta$ <b>391</b>	$\Delta$ <b>570</b>	—
Content Business	<b>153</b>	<b>0</b>	$\Delta$ <b>152</b>	$\Delta$ <b>99.4%</b>
Point Service Business	<b>26</b>	<b>20</b>	$\Delta$ <b>5</b>	$\Delta$ <b>22.0%</b>
Columbia Business	—	$\Delta$ <b>413</b>	$\Delta$ <b>413</b>	—
Adjustment	<b>0</b>	<b>0</b>	<b>+0</b>	—
Ordinary profit	<b>179</b>	$\Delta$ <b>386</b>	$\Delta$ <b>566</b>	—
Net profit	<b>181</b>	$\Delta$ <b>293</b>	$\Delta$ <b>474</b>	—

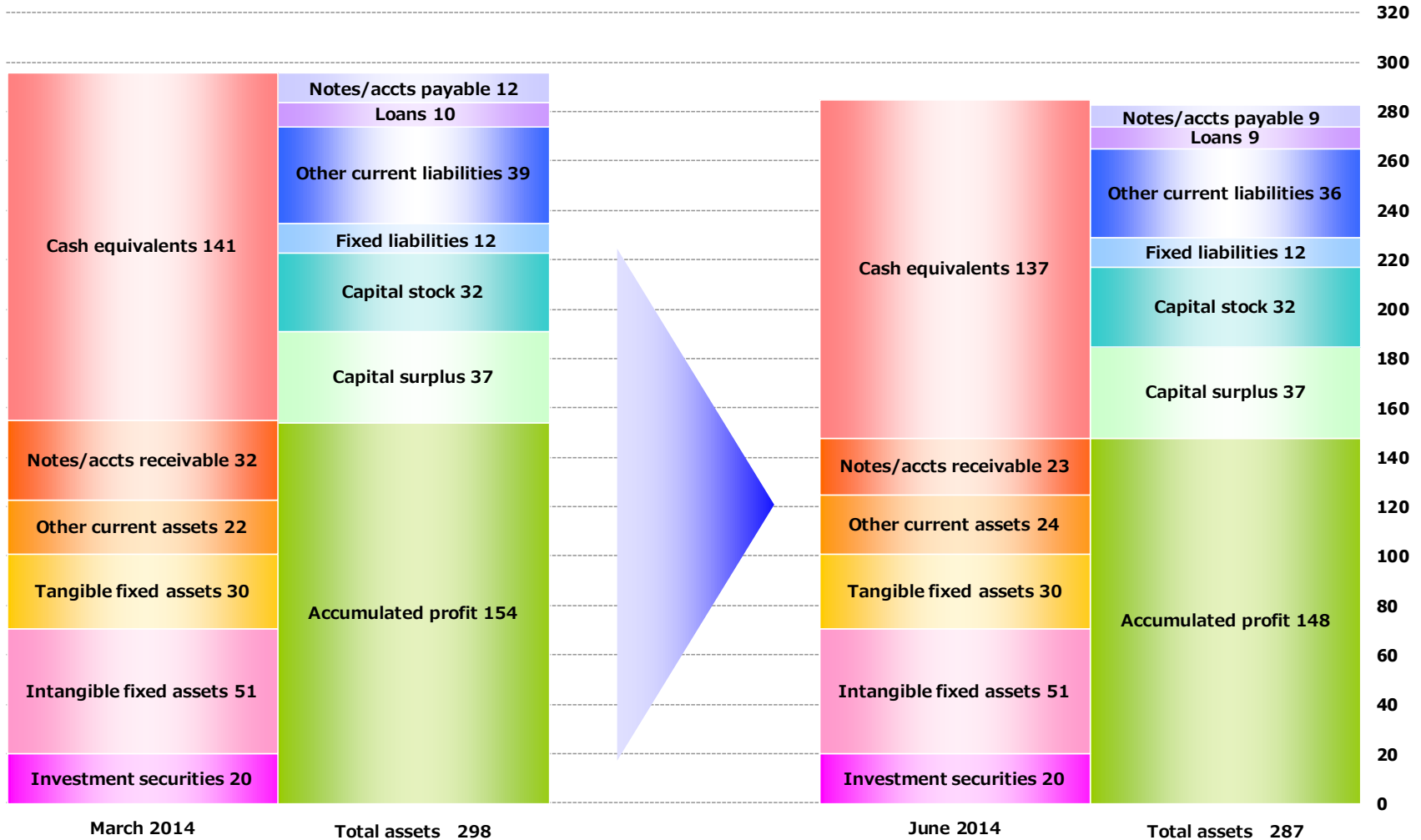
Note : The adjustment is due to the elimination of inter-segment transactions.

# FY 2014 Q1 Consolidated Balance Sheet (Compared with the End of Previous Fiscal Year)



Faith Consolidated Balance Sheet

100 million yen



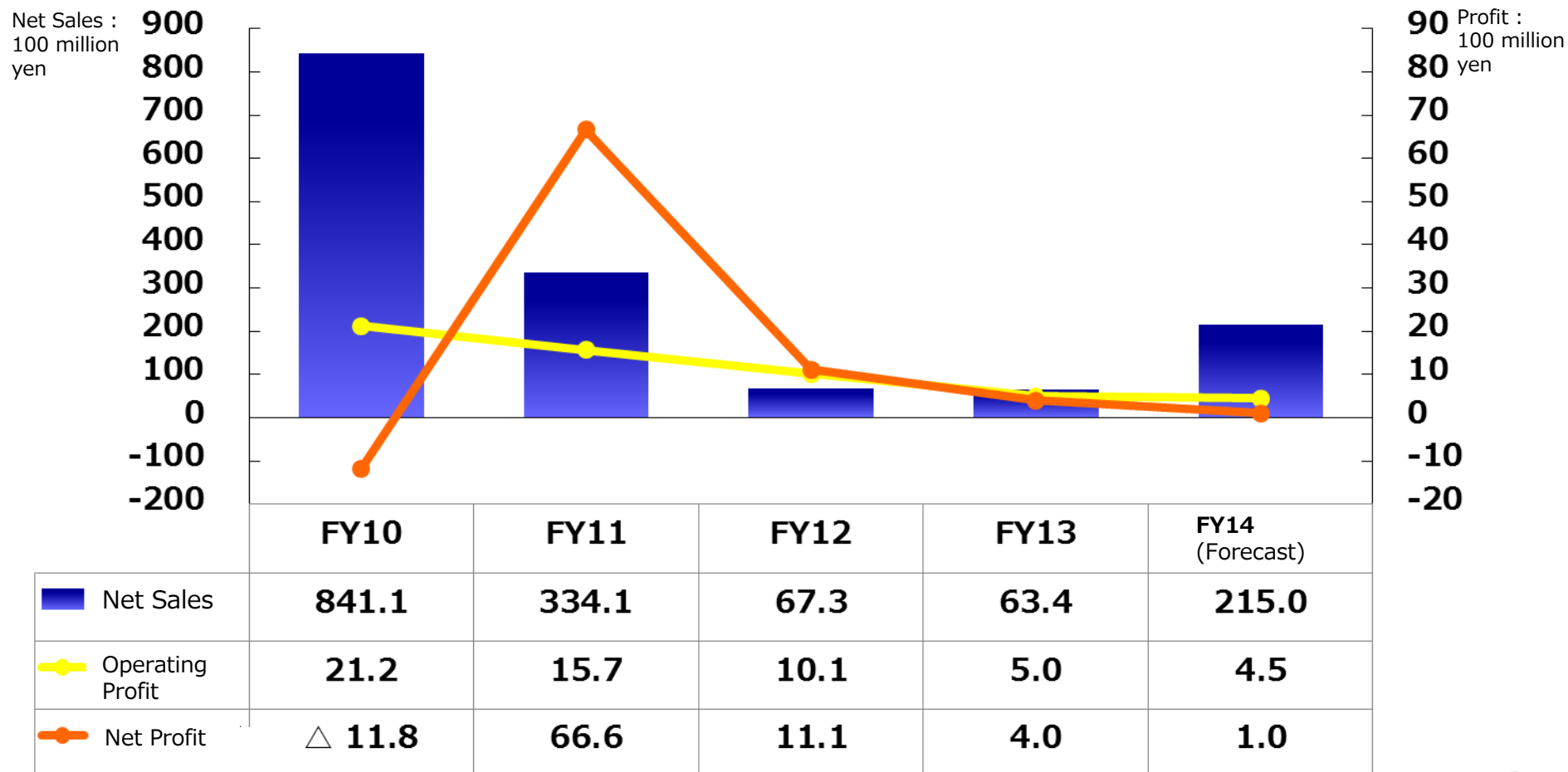


# FY 2014 Business Performance Forecast

# FY 2014 Full-Year Business Performance Forecast



As a consequence of acquiring Nippon Columbia Co., Ltd., as a consolidated subsidiary, etc., the Faith Group is currently forecasting net sales of ¥21,500 million (up 239.1% year-on-year). Also, in accordance with the decline in income in the Content Business and the effects of amortization for the goodwill, trademark purchases, etc. in connection with the acquisition of Nippon Columbia Co., Ltd., the Group is forecasting an operating income of ¥450 million (down 11.5% year-on-year), a ordinary income of ¥430 million (down 26.7% year-on-year), and a net income of ¥100 million (down 75.2% compared with FY 2013).



# FY 2014 Full-Year Consolidated Business Performance Forecast by Segment



(Unit: million yen)

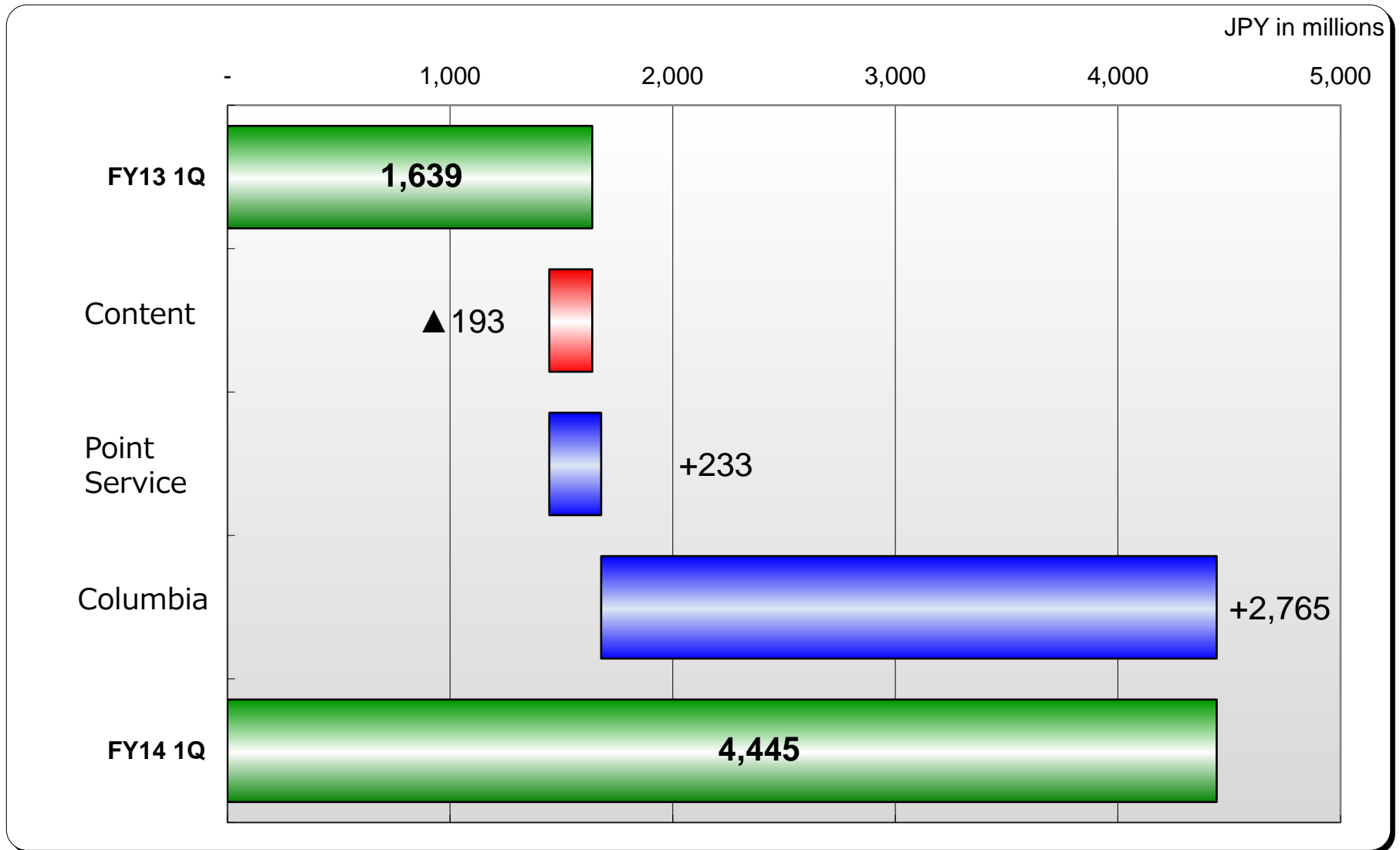
	FY13	FY14 (Forecast)	Year-on-Year	Year-on-Year
			change (amount)	change (%)
Net sales	<b>6,340</b>	<b>21,500</b>	<b>+15,160</b>	<b>+239.1%</b>
Content Business	<b>5,007</b>	<b>4,900</b>	$\Delta$ <b>107</b>	$\Delta$ <b>2.1%</b>
Point Service Business	<b>1,332</b>	<b>1,700</b>	<b>+368</b>	<b>+27.6%</b>
Columbia Business	—	<b>15,000</b>	<b>+15,000</b>	—
Adjustment	—	$\Delta$ <b>100</b>	$\Delta$ <b>100</b>	—
Operating profit	<b>508</b>	<b>450</b>	$\Delta$ <b>58</b>	$\Delta$ <b>11.5%</b>
Content Business	<b>467</b>	<b>345</b>	$\Delta$ <b>122</b>	$\Delta$ <b>26.1%</b>
Point Service Business	<b>40</b>	<b>20</b>	$\Delta$ <b>20</b>	$\Delta$ <b>50.7%</b>
Columbia Business	—	<b>100</b>	<b>+100</b>	—
Adjustment	<b>1</b>	$\Delta$ <b>15</b>	$\Delta$ <b>16</b>	—
Ordinary profit	<b>586</b>	<b>430</b>	$\Delta$ <b>156</b>	$\Delta$ <b>26.7%</b>
Net profit	<b>403</b>	<b>100</b>	$\Delta$ <b>303</b>	$\Delta$ <b>75.2%</b>

Note : The adjustment is due to the elimination of inter-segment transactions.

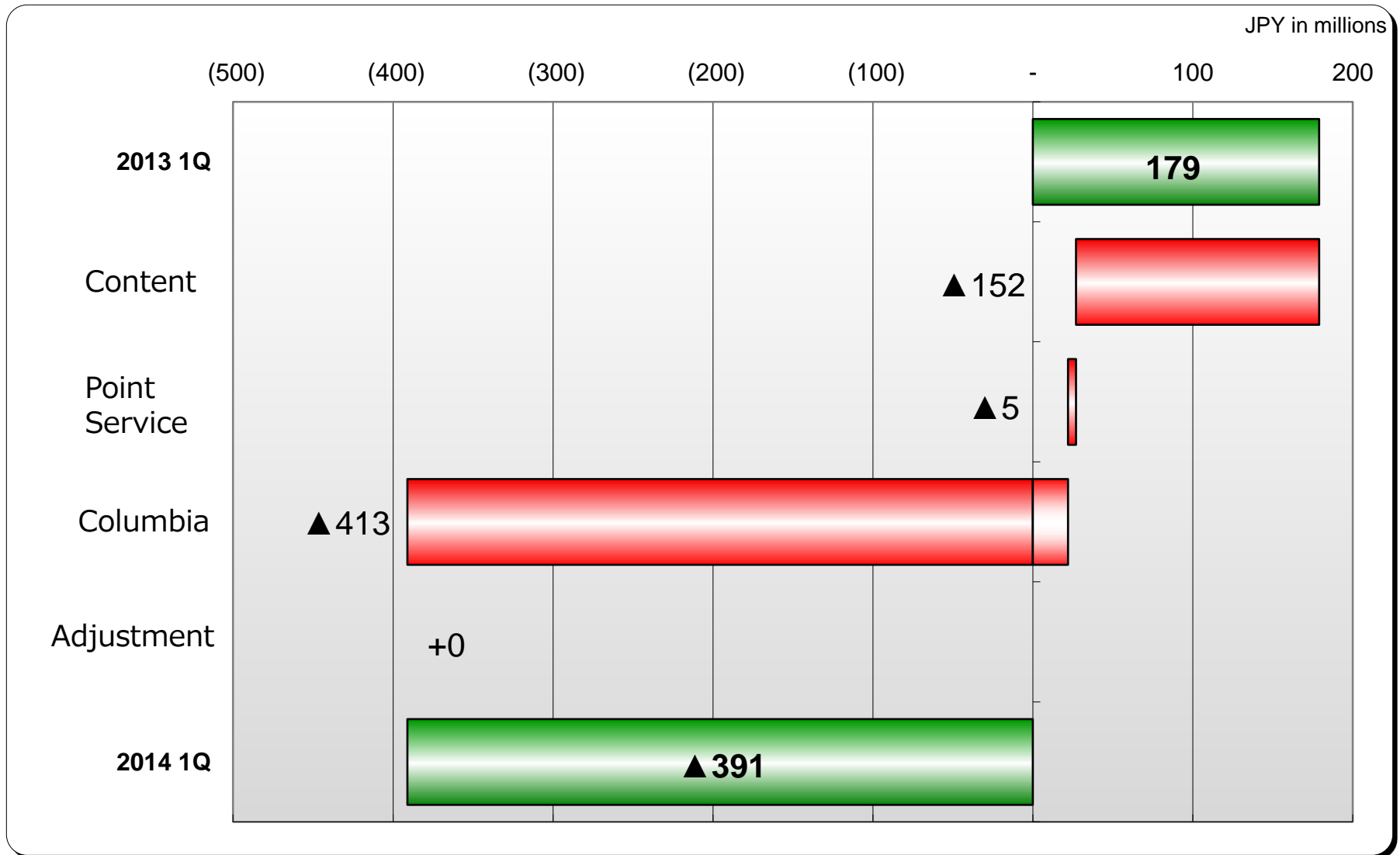
# Reference Materials

# FY 2014 1Q Consolidated Net Sales

(Compared with Previous Fiscal Year)



# FY 2014 1Q Consolidated Operating Profit (Compared with Previous Fiscal Year)

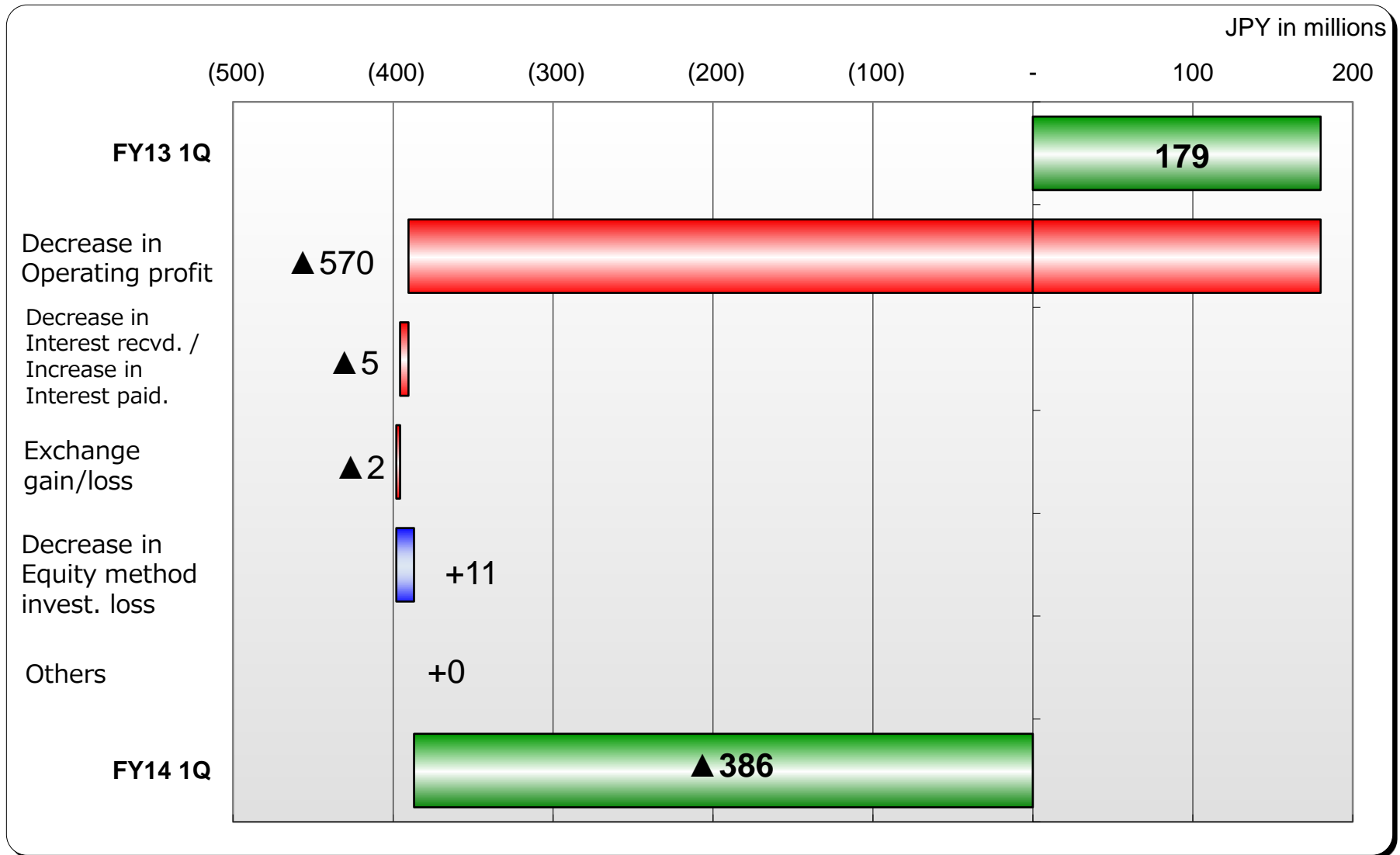


Note : The adjustment is due to the elimination of inter-segment transactions.

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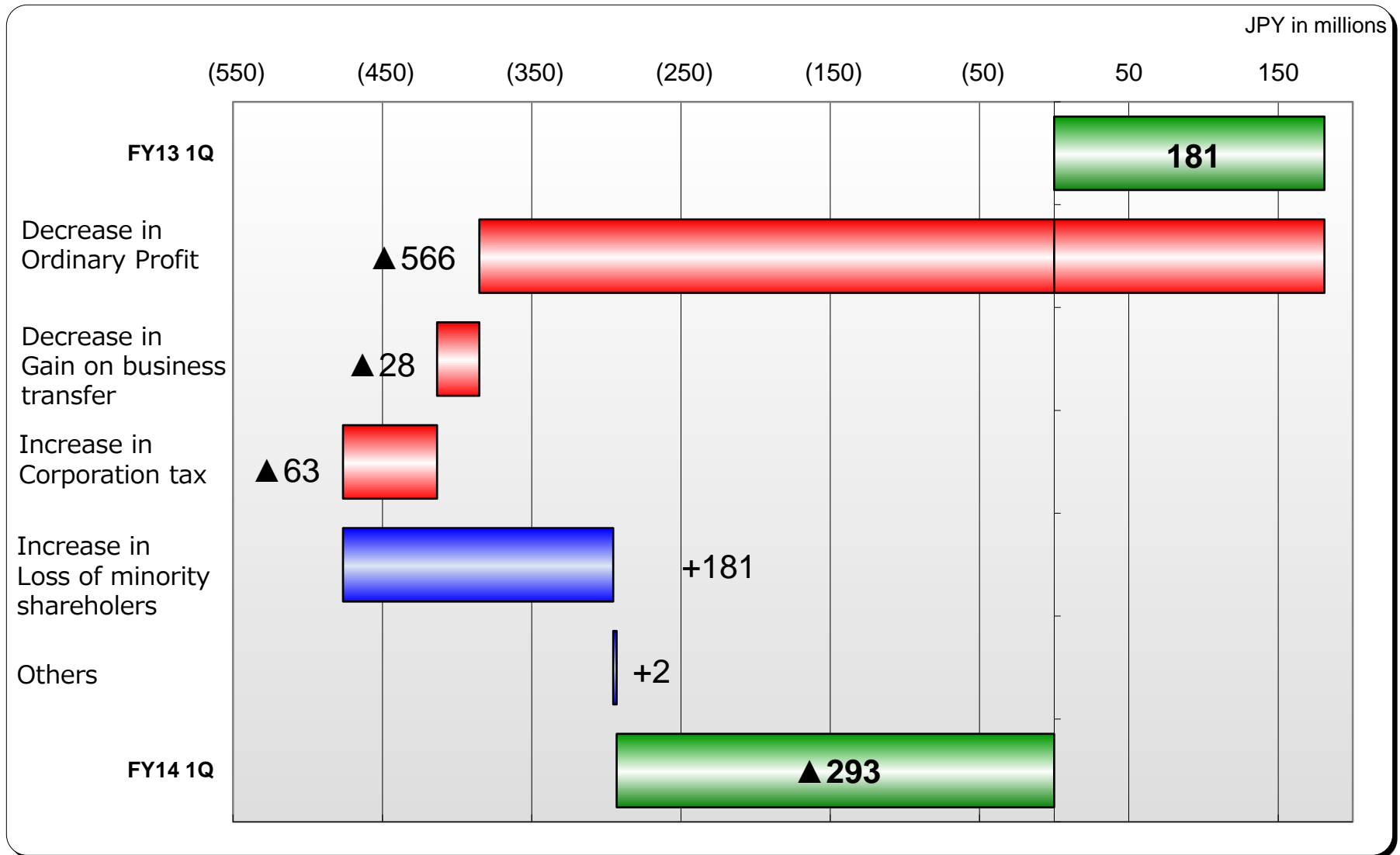
# FY 2014 1Q Consolidated Ordinary Profit

(Compared with Previous Fiscal Year)



# FY 2014 1Q Consolidated Net Profit

(Compared with Previous Fiscal Year)





## Notice

**This document and its supporting documents contain projections of our company's future performance. These are estimates by the management of Faith based on currently available information. There are potential risks and uncertainties that may affect the results. Please be advised that actual performance may differ significantly from the forecast.**